

3.16 Narrogin – Love the Life, Power the Future – Community Enhancements Fund (CEF)

Statutory context	Local Government Act 1995 Local Government (Financial Management) Regulations 1996 Planning and Development Act 2005; Planning and Development (Local Planning Schemes) Regulations 2015 – Provides for the preparation and adoption of local planning policies State Planning Policies (SPPs) – Particularly SPP 3.6 – Infrastructure Contributions
Corporate context	Nil
History	Adopted 26 March 2025

Purpose and Background

The Shire of Narrogin is committed to ensuring that large-scale renewable energy developments (Wind Energy Facilities (WEFs) or farms, Solar Farms, and Battery Energy Storage Systems (BESS)) deliver lasting positive outcomes for the local community. This Community Enhancements (Benefits) Fund (CEF) Policy establishes a framework for proponents of such projects to share benefits with the host community, consistent with the Shire’s strategic vision and best practices in Australia. It builds on the Shire’s Renewable Energy Position Paper (2024), which outlines a framework of Three Cornerstones (collaboration between community, government, and industry) and Five Foundational Pillars for responsible renewable development.

One of these pillars is the establishment of robust community benefit funds to return tangible value to host regions. The Policy also aligns with principles in the Shire’s Local Planning Policy on Wind Energy Facilities, which seeks to “maximise the benefits to the community and the environment” from renewable projects.

As Western Australia transitions its energy sector towards net-zero emissions by 2030, the Shire is poised to become a renewable energy hub. The Shire currently has several (circa five) development applications for wind farms, large-scale solar, and BESS projects. This Policy ensures that as renewable projects proceed, they do so in partnership with the community – through early engagement, benefit-sharing contributions, and transparent governance – leaving a positive legacy in line with the Shire’s strategic planning objectives

Scope

This Policy applies to all large-scale renewable energy facilities within the Shire of Narrogin, including wind energy facilities (wind farms), utility-scale solar farms, and large battery storage projects (BESS), typically those with a nameplate capacity exceeding 5 MW.

It is intended for use by Shire staff, Council, and developers (proponents) of renewable energy projects during project planning, approval, and operational phases. The Policy sets out expectations and requirements for negotiating and establishing a Community Enhancements Fund as a condition of support for such projects. Compliance with this Policy will be considered in Council’s assessment of development applications and any related agreements with proponents.

Definitions

Proponent – The developer, operator, or owner of a large-scale renewable energy project (wind, solar, and/or battery) in the Shire. This includes any company or entity seeking development approval for such projects.

Community Enhancements (Benefits) Fund (CEF) – A fund to which the proponent contributes financially, for the benefit of the local community. Contributions are typically made annually over the life of the project and are used to support community projects, services, and infrastructure in accordance with this Policy. The CEF may also be referred to as a Community Benefit Fund in other documents

Nameplate Capacity – The rated output capacity of a generator (in megawatts for wind/solar, or in megawatt-hours for battery storage if applicable). This is used as the basis for calculating CEF contributions. For hybrid

projects, capacity is considered by each component (e.g., MW of wind, MW of solar, MWh of standalone storage).

Life of the Project – The expected operational lifespan of the renewable energy facility, assumed to be approximately 30 years (unless otherwise defined in approvals). CEF contributions are made for the duration of the project's operation.

Indigenous Nations Fund – A designated portion of the CEF (approximately 10% annually) set aside to support initiatives benefiting Traditional Owners and Indigenous communities of the region. In this Policy, it is administered by the Shire with guidance from Indigenous representatives (including a nominee of the Gnaala Karla Booja Aboriginal Corporation (GKBAC)).

Social License – The ongoing acceptance and approval of a project by the local community and stakeholders. Earning a social license involves proactive community engagement, benefit-sharing, and responsible practices by the proponent to build trust and goodwill.

Policy Statement

The Shire of Narrogin requires that all large-scale renewable energy projects contribute to a Community Enhancements (Benefits) Fund (CEF) to ensure the local community directly benefits from these developments. This Policy sets a consistent approach for negotiating, calculating, managing, and disbursing CEF contributions.

Key principles of the Policy include:

- **Early Negotiation and Agreement:**
 - Proponents must engage with the Shire at an early stage (e.g. during feasibility or prior to lodgement of a development application) to negotiate a CEF contribution agreement. The aim is to reach an in-principle agreement on community contributions before development approval, providing certainty to both the community and the proponent. Early negotiation aligns with best practice which calls for collaboration between councils and developers on benefit-sharing programs ([Benefit-Sharing Guideline](#)). The agreed contribution should be formalised via a legal instrument (such as a voluntary planning agreement, deed of agreement, or memorandum of understanding) at development approval stage, ensuring it is binding for the project's life.
- **Contribution Formula (Per MW and Indexation):**
 - The CEF contribution will be calculated based on the installed capacity of the project of each asset installed and located in the Shire of Narrogin, using a rate per megawatt (MW) per annum (or per MWh for storage). As a minimum, the contribution shall be no less than the benchmark rates recommended in the New South Wales Government's 2023 Benefit Sharing Guideline for renewable energy projects, which are: \$1,050 per MW per annum for wind energy, \$850 per MW per annum for solar energy, and \$150 per MWh per annum for standalone battery projects, indexed annually to the Consumer Price Index (CPI) ([Benefit-Sharing Guideline](#)). These rates align closely with the Shire's own advocated framework for community benefit contributions (e.g., approximately \$1,050/MW for wind, \$850/MW for solar, \$250/MW for battery). The contribution amount agreed upon shall be indexed to CPI each year to maintain its real value over time, with the first year's rate typically based on the financial year of project commissioning ([Benefit-Sharing Guideline](#)). Contributions are expected on an annual basis for the full operational life of the project (indicatively 30 years), commencing from the start of commercial operations (or as otherwise negotiated). This long-term, CPI-indexed commitment ensures the fund grows over time and provides a reliable stream of community funding.
- **Minimum Contribution Levels:**
 - In all cases, the proponent's contribution must meet or exceed the Shire's minimum required level. The Shire will use the NSW guideline rates as a floor, not a ceiling ([Benefit-Sharing Guideline](#)). Proponents are encouraged to offer higher contributions or additional benefit-sharing measures

where possible (especially if a project has higher impacts or to address specific community needs), but at a minimum the above rates per capacity apply. The Shire's preference is to calculate contributions on nameplate capacity; however, alternative formulas (such as a percentage of capital investment or revenue) may be considered if they deliver equal or greater community value over the project life. In the event that State policy or regulations (future State Planning Policy or legislation) mandate higher standard contributions, the greater requirement will prevail. This ensures that Narrogin's community receives a fair share commensurate with projects in other regions and reflects the scale of development ([Benefit-Sharing Guideline](#)).

- **Administration and Governance – Shire-Managed Fund (Preferred):**
 - The default and preferred model is for the CEF to be administered by the Shire of Narrogin. Proponents will make annual payments to the Shire, to be held in a dedicated restricted cash reserve account established for the particular proponent's Community Enhancements Fund. The Shire will manage and disburse the funds in accordance with the Local Government Act 1995 and relevant financial management regulations and audit requirements. By having the local government manage the fund, the Shire leverages existing governance systems, transparency mechanisms, and community accountability measures. Local governments are best positioned to understand local needs, coordinate projects, exercise sound governance, and maximise returns on investment for community betterment. All CEF monies received will be accounted for in the Shire's annual budget (as restricted funds), and unspent funds will be carried forward in the reserve. Recognition protocols will be established so that the proponent's contribution is acknowledged in Shire publications and at project openings, ensuring the proponent is credited for their community investment (thus supporting their Environmental Social & Governance (ESG) and social license objectives).
- **Indigenous Nations Fund Allocation:**
 - In recognition of the Traditional Owners of the land and to ensure inclusivity, approximately 10% of the CEF contributions each year will be allocated to an Indigenous Nations Fund sub-account. This portion of the fund will be used to support projects and initiatives of benefit to Aboriginal people and heritage in the Shire (for example, cultural programs, Indigenous training and employment initiatives, community infrastructure for Aboriginal residents, or joint ventures in renewable energy). The Indigenous Nations Fund will be administered by the Shire in partnership with local Indigenous representatives. The Shire will invite the Gnaala Karla Booja Aboriginal Corporation (GKBAC) – the prescribed Noongar Regional Corporation for this area – to nominate a representative to advise on and participate in decisions about this portion of the fund. This ensures First Nations voices guide the investment of funds intended for their communities. The 10% allocation will be reviewed in consultation with GKBAC to ensure it remains appropriate and effectively targeted. Any Indigenous-focused projects may also be co-funded from the general CEF pool beyond the 10% minimum, recognising the importance of supporting reconciliation and equity.
- **Eligible Uses of Funds and Thematic Priorities:**
 - CEF funds must be used for projects, programs, or initiatives that provide a public benefit and align with the Shire's strategic plans (such as the Strategic Community Plan, Corporate Business Plan, Long-Term Financial Plan, and other informing strategies). The overarching goal is to fund long-term sustainable and high-value initiatives that deliver lasting legacy outcomes for the community, rather than one-off short-lived spending. The Shire, in consultation with the community and the proponent, will identify priority themes for investment – for example: improvements to local sporting and recreation facilities, community health and wellbeing programs, education and training scholarships, environmental conservation or renewable energy initiatives, arts and cultural events, emergency services and disaster resilience, tourism development, and local infrastructure enhancement. These thematic areas echo those identified as best practice for reinvesting renewable benefits in host communities. Each year, specific projects or grant programs under these themes will be selected for funding. The Shire will ensure that funded projects are distributed fairly across the community and, where relevant, across different localities within the Shire, so that those most

impacted by the development share in the benefits. Importantly, CEF funds are additional – they complement (but do not replace) normal government spending or other funding sources, thereby truly “enhancing” the community. Proponents are encouraged to participate in launch events or media for funded projects as part of recognition, under agreed protocols.

- Suggested initial thematic approach areas of investment include:
 - Sport & Recreation: Enhancing sport & recreation facilities, the lifeblood of rural towns;
 - Health and Wellbeing: Enhancing health and wellbeing generally;
 - Education and Training: Scholarships and workforce development programs;
 - Environmental Initiatives: Promoting renewable adoption and conservation; Arts, Culture & Events: Fostering vibrant regional communities;
 - Disaster Resilience and Emergency Services: Strengthening emergency services; and
 - Tourism Development: Investing in attractions to drive economic growth.
- **Governance Structure (CEF Committee):**
 - To oversee the distribution of CEF monies, the Shire will establish a CEF Committee or Advisory Group. The Committee would ideally comprise Shire representatives (elected members and/or officers), community members (including drawn from near neighbours or stakeholders), and a representative (and deputy) of the proponent company. The committee’s role is to provide input on funding priorities, assess grant applications or project proposals, and make recommendations to Council on the allocation of funds each year. The committee will operate under clear terms of reference approved by Council, ensuring decisions are transparent, fair, and aligned with the fund’s objectives. The proponent’s presence on the committee (in a non-voting or advisory capacity) can help coordinate recognition and ensure their perspective is considered, while the majority community representation safeguards local interests. Meetings will be held at least annually (or as required) to plan and review fund distribution. Annual Reporting on the CEF will be undertaken: the Shire will publish a summary each year of the fund’s contributions received, projects funded (with amounts), and outcomes achieved. This report will be provided to the proponent and made available to the community, reflecting the principle that benefit-sharing arrangements should be transparent and publicly accessible ([Benefit-Sharing Guideline](#)). The fund’s management and accounts will also be subject to the Shire’s normal audit process, with results reported as part of annual financial statements.
- **Alignment with Shire Plans and Community Input:**
 - All CEF-funded initiatives should support the broader development plans of the Shire. The proponent and the Shire will work together to ensure that the use of funds complements the Shire’s long-term infrastructure and service planning. For example, if the Shire’s Long-Term Financial Plan (LTFP) or Asset Management Plan identifies critical community infrastructure needs (such as upgrades to community halls, recreation centres, or roads impacted by the project), the CEF can be directed to co-fund those projects. Similarly, initiatives in the Strategic Community Plan – such as improving youth services, economic development, or environmental sustainability – can be resourced through the CEF. By aligning expenditures with these plans, the fund delivers strategic value and avoids ad-hoc spending. Community input is vital in this process: the Shire may hold community workshops or invite submissions on how CEF money should be spent, ensuring the fund is responsive to local aspirations. This collaborative approach reflects that benefit-sharing must be community-focused and tailored to local needs ([Benefit-Sharing Guideline](#)). Where a proponent has its own corporate social responsibility themes (e.g., Science, Technology, Engineering, and Mathematics (STEM) education, community health), these can be coordinated with Shire priorities to maximise impact.
- **Option for Proponent-Administered Fund:**

- While the Shire-managed model is preferred, this Policy allows for an alternative arrangement where the proponent administers the community fund directly – but only with the Shire’s agreement and under specific conditions. If a proponent wishes to establish and run its own Community Benefit Fund or similar program (for instance, via a trust, community grants program, or a third-party foundation), the following must be ensured: (a) the level of funding provided by the proponent is at least equivalent to what would have been contributed under this Policy’s formula (with the same CPI indexation); (b) the fund or programs run by the proponent are aligned with the Shire’s strategic objectives and the needs of the Narrogin community; (c) the proponent involves the Shire in the governance or decision-making process – for example, the Shire may have representation on the proponent’s fund committee or a formal role in approving projects – and (d) there is full transparency and reporting of expenditures to the Shire and community. Essentially, the proponent-run fund must mirror the intent of the CEF in scope and rigor. The Shire will only endorse such an arrangement if it is satisfied that the outcomes will be equal or better for the community than the Shire-managed approach. If a proponent-administered model is adopted, an agreement (or memorandum) must be in place detailing how funds will be allocated, how the Indigenous Nations Fund portion is handled, how the Shire will participate in project selection, and how reporting/recognition will occur. The proponent should also demonstrate how the fund ties into their ESG commitments. Regular check-ins (e.g., annual meetings) between the Shire and proponent will be required to review the fund’s performance. Notably, even under a proponent-managed scheme, the Shire expects that key programs be coordinated with Council (for instance, if the proponent gives education scholarships or community grants, this should be communicated and celebrated jointly). This cooperative model follows the principle that benefit-sharing should be collaborative and centrally coordinated where possible ([Benefit-Sharing Guideline](#)), avoiding duplication or working at cross-purposes.
- **Financial Management and Reserves:**
 - All CEF funds received by the Shire will be placed in a restricted cash-backed reserve specifically created for the Community Enhancements Fund. This ensures the funds are quarantined for their intended purpose and not used for general expenditure. Interest earned on the reserve will be retained within the fund. Unexpended funds in any given year will be carried forward to future years, building a cumulative balance if appropriate. The Shire, in liaison with the proponent, may choose to accrue funds over multiple years for larger projects of significant community benefit, rather than disbursing all funds every year. However, a general guideline is that funds should be put to use in a timely manner to benefit the community that is hosting the renewable development (unless saving for a planned large project). The reserve will be managed in accordance with the Shire’s financial policies and the Local Government (Financial Management) Regulations 1996, with annual reporting as noted. If the project terminates earlier than expected (e.g., decommissioning or sale), any remaining funds in the reserve will continue to be used for community benefit. In the case of project ownership transfer, the Shire will seek commitments that the contribution agreement is binding on successors. Should there be any dispute or default in payments, the Shire will refer to the agreement provisions for resolution, noting that consistent contributions are a core aspect of maintaining the project’s social license in Narrogin.
- **Recognition and Communication:**
 - The Shire will develop protocols to formally recognise the contributions made by renewable energy proponents through the CEF. This may include signage at facilities or project sites acknowledging the proponent’s community fund (e.g., “This project was funded by the Community Enhancement Fund contributed by [Company Name]”), media releases and stories highlighting the community outcomes enabled by the fund, and invitations for the proponent’s representatives to attend and be acknowledged at community events related to CEF-funded initiatives. Mutual recognition builds goodwill and encourages other developers to also contribute generously. Additionally, the Shire will periodically communicate to the broader public about how hosting renewable energy has directly benefited the community – reinforcing the positive narrative of renewable developments. This transparency and promotion are consistent with maintaining public support for the industry and

demonstrating that local communities are better off as a result of these projects ([News Story - MEDIA RELEASE - Shire of Narrogin Calls for Unified Support for Responsible Renewable Energy Development » Shire of Narrogin](#)).

Through this Policy, the Shire of Narrogin seeks to create a win-win outcome: proponents fulfill their corporate social responsibilities and gain community acceptance, while the community receives tangible and lasting benefits from the renewable energy transition. The Policy will be reviewed as needed (for example, if State Government introduces new guidelines or if improvements are identified in implementation) to remain aligned with best practices and community expectations.

Exclusion Clause – Neighbour Benefit Schemes (NBS) Not Constituting Community Enhancements Fund Contributions

Nothing in this Policy shall be construed to imply or permit that Neighbour Benefit Schemes (NBS), Near Neighbour Payments, or similar arrangements between proponents and individual landholders or nearby residents constitute part of, or can be offset against, the required Community Enhancements (Benefits) Fund (CEF) contribution.

Such neighbour-specific payments are considered project-specific mitigation or social license costs incurred as part of the normal cost of gaining project approval and community acceptance, and are intended to compensate directly impacted individuals, not the broader community.

The purpose of the CEF is to deliver broader legacy benefits to the entire host community, beyond those properties or individuals most proximate to infrastructure. The CEF is a public-good mechanism to fund strategic, equitable, and transparent investments in community wellbeing, services, infrastructure, Indigenous partnership initiatives, and sustainability outcomes—not compensation payments for localised amenity impacts.

Accordingly:

- The value or extent of any Neighbour Benefit Scheme implemented by a proponent shall not be deducted from or used to offset the agreed CEF contribution;
- The CEF shall be calculated independently, based solely on the nameplate capacity and CPI-indexed benchmarks outlined in this Policy; and
- Proponents are encouraged to implement both NBS and the CEF as complementary but separate streams of community engagement and investment.

This distinction protects the integrity, equity and transparency of the CEF, and ensures that all residents, including those not in immediate proximity to infrastructure—share in the benefit of the renewable energy transition.

Sources:

- Shire of Narrogin Renewable Energy Framework (2024);
- Shire of Narrogin Media Release (Jan 2025);
- [News Story - MEDIA RELEASE - Shire of Narrogin Calls for Unified Support for Responsible Renewable Energy Development » Shire of Narrogin](#);
- Shire of Narrogin LPP – Wind Farms (2024);
- NSW Dept of Planning Benefit Sharing Guide (2023) ([Benefit-Sharing Guideline](#)); and
- ABC News (2024) ([WA government's wind farm development policy lagging behind, councils say - ABC News](#)).

Appendices:

- Appendix 1 – Community Enhancements Fund (CEF) Procedural & Operational Guidelines
- Appendix 2 – Community Enhancement Fund (CEF) Contribution Modelling Examples
- Appendix 3 – Community Enhancement Fund (CEF) Example Agreement (Heads of Terms)
- Appendix 4 – Shire of Narrogin Advocacy Statement: Renewable Industry Framework and Guidelines for Western Australian Local Governments

Appendix 1 – Community Enhancements Fund (CEF) Procedural & Operational Guidelines

This appendix outlines the step-by-step process for establishing and operating a Community Enhancements Fund in line with the Policy.

Step 1: Initial Engagement and Proposal Stage

- **Pre-lodgement Discussion:** When a proponent is considering a renewable energy development in the Shire, they should contact the Shire administration early to discuss the Community Enhancements Fund expectations. The Shire will provide a copy of this Policy and any relevant information (such as the Shire's strategic priority areas) to inform the proponent's planning.
- **Scoping the Contribution:** The proponent and Shire will jointly scope the likely size of the CEF contribution based on the proposed capacity (e.g. MW of generation and/or MWh of storage). For example, a 100 MW wind farm would typically entail an annual contribution of about \$105,000 (indexed) under current guidelines, while a 50 MW solar farm would be about \$42,500/year ([Benefit-Sharing Guideline](#)). This early estimate helps all parties understand the scale of community investment.
- **Community Needs Discussion:** The Shire may share information on community needs or potential projects that a fund could support, and the proponent may share its initial ideas for benefit programs. Early brainstorming ensures both sides are aligned on the importance of community outcomes (e.g. the proponent might express interest in supporting local apprenticeships or environmental projects, which can be factored into the eventual fund usage).

Step 2: Negotiation of Terms

- **Formal Negotiation:** As the project details firm up (typically during project feasibility or once a development application is imminent), the Shire's representatives (e.g. CEO or delegated officer, and potentially Council's negotiating team) will meet with the proponent to negotiate the CEF agreement in detail. Key terms include: the annual contribution amount (based on the final capacity – e.g., if the project plans 150 MW wind, then \$157,500/yr at \$1,050/MW, CPI indexed ([Benefit-Sharing Guideline](#))), the duration of payments (e.g. 30 years from commissioning or until decommissioning), the indexation method (CPI All Groups, applied yearly), and the payment schedule (e.g. annual in advance, or quarterly). The parties will also discuss the administration model (Shire-managed by default, or any request for proponent-managed as per Policy) and associated governance (committee involvement, etc.).
- **Documentation:** The outcome of negotiations will be captured in a draft Community Benefit Agreement (see Appendix 3 for an example outline). This agreement may take the form of a Planning Agreement under the Planning and Development Act (if applicable and enforceable) or a stand-alone Deed between the Shire and proponent. The agreement will specify obligations on both parties. Shire Council approval is required to endorse the agreement (and Council may resolve to make it a condition of development approval or a linked obligation).
- **Legal Review:** Both the Shire and proponent should seek any necessary legal review of the agreement to ensure it is robust. Important considerations include default provisions (e.g. what if payments are late), transfer of obligations to any new owner, and dispute resolution mechanisms.

Step 3: Development Approval and Agreement Execution

- **Council Report:** When the development application (DA) for the project is assessed by Council (or by a Joint Development Assessment Panel, JDAP, or State Development Assessment Unit (SDAU) if relevant), the existence or status of the CEF agreement will be noted. Ideally, the agreement (or a memorandum of understanding) is signed concurrently with development approval. If the DA is approved by Council/JDAP, a condition may be included along the lines of "The proponent shall implement a Community Enhancement Fund in accordance with the Shire's Council Policy and the signed agreement dated [X]."
- **Finalising the Agreement:** The Shire President and CEO (on behalf of the Shire) and the proponent's authorised officers will execute the Community Benefit Fund agreement. It will come into effect upon execution or upon a specified trigger (such as upon the project reaching financial close or commencement of construction, depending on what is negotiated).

Step 4: Establishment of the Fund and Governance

- **Reserve Account Setup:** The Shire's finance team will create a new restricted reserve account in its financial system titled "Community Enhancements Fund – [Project Name]" (or a consolidated fund for multiple projects, with sub-ledger tracking per project if needed). This ensures any incoming funds are sequestered. The Shire will also establish internal codes to track the 10% Indigenous Nations Fund portion.
- **CEF Committee Formation:** Council will establish the CEF Committee or Advisory Group by resolution, including appointing members (elected member representatives, community members, proponent rep, and an Indigenous community rep, etc., as outlined in the Policy). Terms of Reference will be adopted, covering the committee's role, meeting frequency, quorum, decision process (recommendations), and reporting. Alternatively, if the fund will be small initially, the Council may choose to handle decisions directly and form the committee once significant funds accumulate.
- **Public Communication:** Once the fund is official, the Shire will announce the establishment of the CEF to the community. This could include a joint press release with the proponent, highlighting the contribution amount and the shared commitment to community development. It helps set expectations that funding will flow when the project commences operation.

Step 5: Payment and Indexation Process

- **Invoicing:** The Shire will issue an invoice to the proponent for the CEF contribution as per the agreed schedule. Commonly, payment will be annual. The first payment might be due either at the start of construction (if agreed) or upon commissioning. (For example, some agreements might stipulate a smaller construction-phase community contribution before full operations.) Typically, the first full annual payment is due within a set time after the project starts exporting power.
- **CPI Adjustment:** Each year, the Shire's invoice will adjust the contribution by the CPI. For instance, if Year 1 (2025) contribution for a solar farm is \$50,000 (based on capacity using \$850/MW ([Benefit-Sharing Guideline](#))) and CPI for the year is 3%, then Year 2 invoice becomes \$51,500. The agreement will specify the CPI index (e.g. Perth Consumer Price Index, or a national CPI) and the reference quarter for calculations.
- **Recordkeeping:** The Shire records the payment receipt into the CEF reserve. If the project spans multiple decades, the Shire will maintain a schedule of expected payments and ensure the proponent is reminded of upcoming contributions. The proponent should similarly include the payments in their financial models and annual budget for the facility.

Step 6: Fund Allocation Planning

- **Annual Plan:** Each financial year, the Shire (through the CEF Committee or relevant officers) will develop a plan for how that year's available CEF funds (including any carryover) could be allocated. This might involve: setting aside the 10% Indigenous portion for specific Indigenous-led proposals; identifying priority projects in consultation with community (e.g. this year focusing on upgrading a local sports complex, plus a grants program for community groups); and reserving funds if a large future project is targeted. The plan will consider the thematic priorities and any guidance from the Strategic Community Plan or Council.
- **Call for Proposals (if grants program):** If part of the fund is to be distributed via community grants, the Shire will open an application process. Local community groups, clubs, schools, or not for profit enterprises might apply for CEF grants for their projects. Clear criteria will be published (such as alignment with the fund's themes, demonstrating community benefit, capacity to deliver the project, etc.). The proponent may be invited to help promote this opportunity to encourage a wide range of applications.
- **Shire Initiated Projects:** The Shire administration may also put forward proposals for using CEF money on Shire projects (for example, a co-funding opportunity with State/Federal grants where CEF money provides matching funds for a big infrastructure project). These proposals would also be tabled to the CEF Committee for consideration.

Step 7: Decision-Making and Approvals

- **Committee Review:** The CEF Committee (or Council if no committee) reviews all proposed uses of the funds. This could be done in a meeting where Shire staff present a summary of grant applications from the community and any Shire project proposals. The committee assesses each against the Policy

objectives and available budget. The proponent's representative provides input, particularly if certain proposals resonate with the proponent's own community investment focus. The GKBAC/Indigenous rep will specifically advise on Indigenous Fund allocations. The committee then forms recommendations – e.g. which projects to fund and at what amounts.

- **Council Approval:** Because the funds are Shire-held, the final approval for expenditure lies with the Council (unless delegated). The committee's recommendations are reported to the Council meeting (this might be part of the Shire's budget adoption or a separate item). Council reviews and formally approves the disbursement from the reserve as recommended or with amendments. Council will ensure decisions are fair and within the scope of the Policy. Where a Council member has a conflict of interest (for example, if they are on the board of a community group applying for funds), they will exclude themselves per standard governance laws.

Step 8: Fund Disbursement

- **Release of Funds:** Following approval, the Shire's finance team arranges payments to the selected projects/recipients. If the Shire itself is delivering a project, the funds remain in the reserve until transferred to the municipal fund at the time of expenditure (with proper internal accounting). For grants to external groups, funding agreements or Memorandums of Understanding (MOUs) might be used to outline the use of funds and any reporting back needed from the recipient. Cheques/EFTs are issued to grant recipients with official letters.
- **Acknowledgment:** Along with the payment, the Shire will provide guidance on how the contribution should be acknowledged by recipients (e.g. "please acknowledge the Shire of Narrogin Community Enhancement Fund (supported by [Project Proponent]) in any publicity"). Joint press releases or events will be planned for all disbursements and major projects.

Step 9: Monitoring and Reporting

- **Project Monitoring:** The Shire (and possibly the proponent's community liaison, if they have one) will monitor the progress of funded projects. Recipients may be asked to provide a short report or presentation on the outcomes once completed. This ensures accountability and helps gather success stories.
- **Annual Reporting:** At the end of each financial year (or calendar year), a CEF Annual Report is prepared. It will include the total funds received from each proponent project, the list of projects funded (with brief descriptions and amounts), the carryover to next year, and any highlights or community feedback. This report is presented to the Council and also shared with the proponent. It may be published on the Shire's website or included in the Shire's Annual Report to residents. This transparent reporting aligns with best practice where benefit-sharing arrangements information is publicly available ([Benefit-Sharing Guideline](#)).
- **Audit:** The CEF transactions are subject to internal and external audit as part of the Shire's finances. The proponent may also request an audit statement or verification of how funds were used, which the Shire will provide to maintain trust.

Step 10: Ongoing Collaboration and Review

- **Regular Meetings:** The Shire will hold regular liaison meetings with the proponent (for example, annually or semi-annually) to discuss not only the fund but overall project-community relations. This provides an opportunity to adjust any aspect of the CEF program by mutual agreement. For instance, if after a few years both parties see a need to focus more funds on a particular issue (say, local road safety or a new community centre), the strategy can be tweaked.
- **Review of Policy and Agreement:** The CEF Policy and any specific CEF agreement may be reviewed after a certain period (e.g. every 5 years). Changes could include updating contribution rates if state guidelines change, or altering governance if needed. Any amendments to an agreement would require consent of both Shire and proponent. The Shire will also stay informed on any emerging State policies or legislation on community benefit funds to ensure this local approach remains in alignment or can be adapted.
- **End of Project or Termination:** If the project reaches its end of life (around 30 years or if decommissioned earlier), the proponent's obligation to contribute will cease as per the agreement. At that point, the Shire will plan for the use of any remaining funds – ideally, to cap off with a lasting legacy project. If a project is repowered or extended, the agreement should be revisited to continue or renew

contributions. In cases of project ownership transfer, the Shire will engage with the new owner to reaffirm the commitments (the agreement should bind successors, but proactive engagement helps ensure a smooth transition).

Appendix 2 – Community Enhancement Fund (CEF) Contribution Modelling Examples

This appendix provides illustrative models for Community Enhancement Fund (CEF) contributions based on project capacity, using both the NSW guideline rates and the Shire's advocated framework.

Standard Rates (2023 baseline): As per NSW Government's Benefit Sharing Guideline ([Benefit-Sharing Guideline](#)) and the Shire's policy, the base contribution rates are:

- **Wind Energy Projects:** \$1,050 per MW per year (indexed annually).
- **Solar Energy Projects:** \$850 per MW per year (indexed annually).
- **Battery Energy Storage (Standalone BESS in rural zone):** \$150 per MWh of storage capacity per year (indexed annually). *(Note: For simplicity, the Shire may alternatively use \$250 per MW of battery power capacity as a guideline; however, if precise storage (MWh) is known, the NSW rate per MWh may be applied to ensure sufficient contribution.)*

These figures are in 2023 dollars and are subject to CPI escalation each year going forward ([Benefit-Sharing Guideline](#)). The following examples demonstrate how contributions would be calculated:

- **Example 1: Mid-sized Wind Farm** – A wind farm of 50 MW capacity. Using the wind rate: $50 \text{ MW} * \$1,050 = \mathbf{\$52,500 \text{ per annum}}$ initially. If the project operates 30 years, and assuming an average inflation of 2% annually, by year 30 the annual contribution would grow to around \$95,000 and the cumulative contribution over 30 years would be approximately \$2.3 million (in nominal dollars).
- **Example 2: Large Wind Farm** – A project spread over two local government areas: 300 MW of wind capacity in Shire of Narrogin (for instance). Contribution: $300 \text{ MW} * \$1,050 = \mathbf{\$315,000 \text{ per annum}}$ to Narrogin ([Benefit-Sharing Guideline](#)). *(If split with another Shire, each Shire's share could be proportional to number of turbines or capacity in each jurisdiction, as was done in the Sapphire Wind Farm agreement in NSW ([Benefit-Sharing Guideline](#))).* Over 25-30 years, this single project would inject on the order of \$8–9 million into the local community, creating substantial legacy benefits.
- **Example 3: Solar Farm** – A 100 MW solar farm. Using the solar rate: $100 \text{ MW} * \$850 = \mathbf{\$85,000 \text{ per annum}}$. Indexed over 30 years, total contributions would exceed \$2.5 million. Even a smaller 10 MW solar farm would contribute \$8,500 per year, which could fund small community projects or accumulate for larger ones. Many solar projects also include battery components – see hybrid example below.
- **Example 4: Battery Storage Project (Standalone)** – A large standalone BESS of 200 MWh capacity (for example, 50 MW power with 4 hours storage = 200 MWh).
Using the battery rate: $200 \text{ MWh} * \$150 = \mathbf{\$30,000 \text{ per annum}}$. If the BESS were instead calculated by MW: $50 \text{ MW} * \$250 = \$12,500$ – however, since 50 MW 4-hr has significant storage, the higher \$30,000 (via MWh) ensures the contribution is proportional to the facility's usefulness and impact. As battery projects become larger, the guideline may adjust, but this policy secures a baseline contribution from any storage facility.
- **Example 5: Hybrid Renewable Project** – A project combining 150 MW of wind, 50 MW of solar, and a 50 MWh battery on the same site. Contribution would be calculated for each component then summed: Wind: $150 * \$1,050 = \$157,500$; Solar: $50 * \$850 = \$42,500$; Battery: $50 \text{ MWh} * \$150 = \$7,500$. Total = $\mathbf{\$207,500 \text{ per annum}}$. If the battery is integrated (not standalone), some guidelines suggest not double-counting it ([Benefit-Sharing Guideline](#)); however, the Shire's stance is that every component should contribute unless it's clearly part of the same capacity counted elsewhere. In any case, this example project would provide over \$200k/year, which could be transformational for local community funding.
- **Alternative Capital Value Model:** For context, the Shire's advocacy mentioned a 1.5% of Capital Investment Value (CIV) as another method. If a wind farm costs, say, \$2 million per MW to build, a 50 MW wind farm costs ~\$100 million. 1.5% of \$100m is \$1.5 million. Spread over 30 years, that averages \$50,000 per year – which is in line with the \$52,500 per year from the per-MW model. Thus, the per-MW rates roughly correspond to ~1.5% of typical project capital cost, ensuring the community captures a small percentage of the project's value. The per-MW (or MWh) approach is more straightforward to administer and adjust with CPI, which is why it's used in this Policy.
- **Indexation Impact:** It's important to illustrate indexation. If inflation runs higher, the contributions will increase accordingly. For example, a \$100,000 annual contribution today at 3% inflation would be about

\$242,000 in 30 years. This protects the community's benefit in real terms and avoids erosion of purchasing power.

These contributions, while significant, are generally a small fraction of a project's revenue or profit and are considered standard practice in other jurisdictions to ensure community support ([Benefit-Sharing Guideline](#)) ([WA government's wind farm development policy lagging behind, councils say - ABC News](#)). Developers in NSW, Victoria, and other states commonly enter into such agreements (sometimes called Voluntary Planning Agreements or Community Benefit Schemes) – for instance, some wind farms in NSW contribute around \$2,500 per turbine or \$1,000+ per MW per year into community funds, and many have delivered hundreds of thousands of dollars to local projects over time ([Benefit-Sharing Guideline](#)) ([Benefit-Sharing Guideline](#)). The Shire of Narrogin's policy ensures we are aligned with these best practices, neither disadvantaging our community nor placing unreasonable burdens on industry.

Allocation Example: Suppose in one year the Narrogin CEF (combined from several projects) has \$300,000 available. Per this Policy, at least \$30,000 (10%) would go into the Indigenous Nations Fund for Indigenous-led initiatives. The remaining \$270,000 could be allocated to various community projects – e.g. \$100k for upgrading a regional recreation centre, \$50k for environmental conservation projects (perhaps leverage additional grants), \$20k for youth training scholarships, \$50k in community grants to local clubs, and retain \$50k for next year or a future big project. The Indigenous Nations Fund \$30k might support, say, a cultural centre upgrade or Aboriginal youth programs in the area (guided by GKBAC rep). In subsequent years, projects would vary according to community needs, but over a decade one could imagine new playgrounds, health services expansions, tourism facilities, and educational programs all being part-funded by this stream. The cumulative effect lifts the social and economic well-being of the Shire significantly, validating the community's support for hosting renewable infrastructure.

Appendix 3 – Community Enhancement Fund (CEF) Example Agreement (Heads of Terms)

This appendix provides a high-level outline of an example agreement that could be used to formalise the Community Enhancements Fund contributions between the Shire of Narrogin and a project proponent. This is a general guide and actual terms will be subject to negotiation and legal advice.

Title: *Community Enhancement Fund Agreement* (Community Benefit Deed) between **Shire of Narrogin** and **[Proponent Company]**.

Parties:

- **Shire of Narrogin** (the “Shire”), of 89 Earl Street Narrogin WA 6312.
- **[Proponent Name] Pty Ltd** (the “Proponent”), ACN [xxxxxx], registered address [xxxxx]. (This is the developer/operator of the [Name of Renewable Project]).

Background:

- The Proponent is developing the “[Project Name]” which is a [wind farm/solar farm/BESS/hybrid] with a capacity of [X MW] (and BESS capacity of Y MWh if applicable) located at [general area description] within the Shire.
- The Shire of Narrogin has a policy requiring large renewable energy projects to provide community benefit contributions to ensure local communities share in the benefits of these projects ([News Story - MEDIA RELEASE - Shire of Narrogin Calls for Unified Support for Responsible Renewable Energy Development » Shire of Narrogin](#)). The Proponent, in the interest of being a good corporate citizen and maintaining a social license to operate, has agreed to contribute to a Community Enhancement Fund for the benefit of the Shire’s community.
- This Agreement outlines the terms and conditions of the Proponent’s contributions and the Shire’s obligations in managing those contributions. It is entered into in good faith alongside the development approval for the Project.

1. Commencement and Term:

This Agreement commences on the date of signing (or upon the grant of development approval, if later) and continues for the operational life of the Project, estimated to be 30 years from the commencement of electricity generation. The term may be extended or revised by mutual agreement, for instance if the Project is repowered or its operational life is extended. If the Project is decommissioned earlier than 30 years, clause [X] on early termination will apply (generally requiring contributions up to the date of decommissioning and any final settlement of that year’s amount pro-rata).

2. Contribution Amount:

The Proponent will provide an annual monetary contribution to the Shire’s Community Enhancements Fund. The contribution for the first year of the Project’s operation is agreed to be \$[Amount], which is based on the formula of [\$1,050 per MW for wind / \$850 per MW for solar / \$150 per MWh for BESS] applied to the Project’s capacity (noting the Project consists of [A] MW of wind, [B] MW of solar, [C] MWh of storage). This base amount is in 2023 dollar value. For each subsequent year, the annual contribution will be adjusted by the CPI (All Groups, Perth) for the preceding year (or an equivalent index as agreed). The Shire will provide the Proponent with a calculation of the adjusted amount each year. If the Project’s capacity is expanded, the contribution will be recalculated accordingly (subject to a reasonable notice and agreement on start of increased payments). The contribution is exclusive of any rates or taxes – it is a separate community benefit payment, not to offset rates or other charges.

3. Payment Schedule:

Unless otherwise agreed, the Proponent shall pay the annual contribution in one instalment each year. The first payment shall be due on [date, e.g. 1 July] after the Project commences commercial operations (or within 30 days of that milestone). Thereafter, each payment is due by [date] of each year. The Shire will issue a tax invoice for each contribution. The Proponent shall pay the invoice within 30 days of receipt. Alternatively, by mutual

agreement, the annual contribution can be split into [quarterly/half-yearly] payments to facilitate cashflow (the indexation would be applied proportionally). Late payments shall accrue interest at [e.g. statutory interest rate for local govt charges] and persistent default (after notice and cure period) may trigger dispute resolution as per Clause 9.

4. Fund Management:

The Proponent's contributions will be held by the Shire in a dedicated reserve (the Community Enhancements Fund). The Shire will be responsible for administering the fund and expending monies on eligible community projects, in line with the Shire's Community Enhancements Fund Policy and this Agreement. The Shire will ensure that at least 10% of the annual contribution is earmarked for the Indigenous Nations Fund component to support Indigenous initiatives (with guidance from GKBAC). The Shire will maintain separate accounting for all contributions and expenditures under this fund. The funds will be used solely for community benefit purposes and not for the Shire's general operational costs, except for minor administrative overhead directly related to managing the fund (if any, and ideally taken from interest earnings to avoid reducing community monies). Unspent funds will roll over each year and remain available for future community projects. The Shire may invest the funds in accordance with its investment policy and the Local Government Act, with any interest earned to be added to the fund. Both parties acknowledge that using the local government to manage the funds leverages existing prudent financial management structures.

5. Fund Governance and Consultation:

The Shire will establish a governance mechanism (e.g. a committee or panel as described in the Policy) to guide how funds are used. The Proponent will be invited to nominate a representative to join the committee in an advisory or observer role. The committee will also include community representatives and at least one elected member. The committee's function is to recommend projects and allocations for the fund. The Proponent and the Shire agree to cooperate in good faith in this process, recognising the Proponent's desire to see its contributions create positive outcomes, and the Shire's role in representing community interests. The Shire will consult with the Proponent on the strategic priorities for the fund, particularly if the Proponent has relevant expertise or programs (for example, if the Proponent runs a regional STEM education program, the Shire might allocate some funds to complementary local STEM scholarships). Final decisions on fund disbursement rest with the Shire (Council), but will take into account the committee's recommendations. The Shire will also consult GKBAC or other Indigenous bodies regarding the Indigenous Fund portion. In the event the Proponent chooses to directly administer certain community programs (as part of or in addition to the contributions), this will be done in coordination with the Shire to avoid duplication and ensure alignment with community plans (such arrangements can be detailed in a Schedule to this Agreement if applicable).

6. Eligible Projects and Use of Funds:

The Agreement reaffirms that funds will be applied to projects that benefit the community within the Shire of Narrogin. A non-exhaustive list of eligible uses: community infrastructure (e.g. recreation facilities, community halls, local road safety improvements), health and wellbeing initiatives, educational and training programs (such as scholarships, apprenticeships for locals in renewables), environmental and sustainability projects (landcare, climate adaptation, etc.), arts and cultural heritage projects, events that foster community cohesion, and emergency services support. Both parties agree that funded projects should be non-controversial, broadly inclusive, and aligned with the themes set out in the Shire's strategic documents. The Proponent's branding or naming rights for facilities can be discussed on a case-by-case basis for major contributions (e.g. a "[Project Name] Community Sports Centre" refurbishment courtesy of the fund), subject to Council policies on sponsorship. The Shire will not use CEF money to cover costs that the Proponent is otherwise required to bear as a condition of development (e.g. road repairs directly caused by construction, which are dealt with via separate agreements, or compliance monitoring costs). The CEF is intended for additional community value, not mitigation of direct impacts, which are managed under other legal frameworks.

Suggested initial thematic approach areas of investment include:

- Sport & Recreation: Enhancing sport & recreation facilities, the lifeblood of rural towns;
- Health and Wellbeing: Enhancing health and wellbeing generally;
- Education and Training: Scholarships and workforce development programs;

- Environmental Initiatives: Promoting renewable adoption and conservation;
- Arts, Culture & Events: Fostering vibrant regional communities;
- Disaster Resilience and Emergency Services: Strengthening emergency services; and
- Tourism Development: Investing in attractions to drive economic growth.

7. Transparency and Reporting:

The Shire will provide an Annual Report to the Proponent each year by [date, e.g. September 30] detailing: the amount of contribution received in the past year, the projects or initiatives funded (with brief description and amount allocated to each), the balance of any unspent funds, and plans for any major carryover projects. The report will also include testimonials or outcomes where available (e.g. “X number of people benefited from the new training program funded by the CEF”). The Shire will make this information available publicly (e.g. via Council meeting minutes or website) to maintain transparency with the community ([Benefit-Sharing Guideline](#)). The Proponent is encouraged to use the information in its own sustainability reporting or media releases to highlight the community benefits delivered. Representatives of the Proponent may be invited to annual public forums or committee meetings to discuss the fund’s outcomes. If the Proponent administers any portion of the community benefits (outside this fund), it will likewise report those to the Shire annually for completeness. Both parties will communicate regularly about the fund’s status, and any concerns or suggestions either party has regarding the fund’s operation will be discussed in good faith.

8. Recognition:

The Shire shall ensure appropriate recognition of the Proponent’s contribution in line with the Policy. This includes, but is not limited to: signage or plaques on infrastructure projects funded (where practical) acknowledging the Proponent’s role (e.g. “Funded by the Community Enhancements Fund from [Project Name]” and Shire logos), acknowledging the Proponent in press releases or public announcements regarding the CEF-funded projects, and inviting the Proponent’s representatives to ceremonies or events inaugurating projects. The intent is to publicly credit the Proponent for its community investment, reinforcing the positive relationship. The Proponent may also choose to co-brand certain programs (for example, “[Company Name] Narrogin Community Scholarships” in partnership with the Shire). Any media produced by the Proponent referencing the fund should acknowledge the Shire’s role (e.g. as administrator and partner). Both parties will agree on any signage wording or major publicity to ensure accuracy and appropriateness.

9. Default and Dispute Resolution:

If the Proponent fails to make a contribution by the due date, the Shire will notify the Proponent in writing and the Proponent must rectify the non-payment within [60] days. Failure to do so entitles the Shire to pursue legal remedies to enforce the payment (since this Agreement may be documented as a deed, it is legally enforceable). However, both parties acknowledge that maintaining a cooperative relationship is paramount. In the event of any dispute arising from this Agreement – whether about the interpretation of eligible fund uses, the adjustment of contributions, or any other matter – the parties agree to first meet and attempt to resolve the issue amicably. If needed, senior representatives (e.g. the Shire CEO and a Director of the Proponent) will engage in mediation. If a dispute cannot be resolved through negotiation or mediation within a reasonable time, either party may refer the matter to an independent arbiter or to a court with jurisdiction, although formal litigation is a last resort. This dispute clause is aimed at ensuring any disagreements do not derail the overall purpose of the fund or the relationship between the community and the project.

10. Assignment and Successors:

This Agreement binds the successors and assigns of the Proponent. If the Project (or the operating entity) is sold or transferred, the Proponent will ensure as a condition of that sale/transfer that the new owner/operator enters into a deed of novation or equivalent to assume the obligations of this Agreement. The Proponent shall notify the Shire of any impending change in ownership. The Shire’s rights and obligations under this Agreement will similarly bind any amalgamated local government or a scenario where responsibilities shift (though the Shire has no intention to assign its role except as required by law). This clause ensures continuity of the community benefits regardless of ownership changes in the project over its life.

11. Variation and Review:

Any variation to this Agreement must be made in writing with the consent of both parties. Both parties acknowledge that the contribution rates are set based on current policy and guidelines; if in future the State of WA introduces a mandatory scheme or the Shire updates its Policy, the parties may review the terms to ensure consistency. However, any reduction in the agreed benefit to the community would not be made without a compelling justification and mutual agreement. A formal review of this Agreement shall occur at the 5-year mark (and every 5 years thereafter) to discuss its effectiveness, with adjustments made by agreement to address any issues or changed circumstances (for example, if CPI indexing dramatically changes economic value, or if the project's capacity changes). The review will also consider community feedback on the fund's performance.

12. Miscellaneous:

Include standard legal clauses such as: Notices (how communications under the agreement are given to each party, e.g. addresses for service), Governing Law (State of Western Australia), Entire Agreement (this document constitutes the entire agreement on the subject of community contributions for this project, and supersedes any prior representations), and counterparts (if signing in multiple copies).

Execution:

Signed for and on behalf of Shire of Narrogin by: Shire President & CEO Names, Shire President & CEO signatures, date and sealed if required.
Signed by an authorised representative of [Proponent Company]: Director or CEO name(s), Director or CEO signature, date.

This example agreement is a template outline and will be tailored to the specific project and negotiations. It serves to illustrate the key commitments – namely, the proponent's promise to deliver ongoing community funding and the Shire's role in managing those funds for maximum local benefit, in a transparent and accountable way.

Appendix 4 – Shire of Narrogin Advocacy Statement: Renewable Industry Framework and Guidelines for Western Australian Local Governments

Available [here](#)